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**DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana**

**General Purpose Financial Statements  
With Accountant's Compilation Report  
and Agreed-Upon Procedures Report  
As of and for the Year Ended  
December 31, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-16-00

**VERNON R  
COON**

CERTIFIED PUBLIC ACCOUNTANT

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana

General Purpose Financial Statements  
With Accountant's Compilation Report  
As of and for the Year Ended  
December 31, 1999

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## Accountant's Compilation Report

BOARD OF COMMISSIONERS  
DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana

I have compiled the accompanying general purpose financial statements, as listed in the foregoing table of contents, of the DeSoto Parish Fire District No. 9 as of December 31, 1999, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.

West Monroe, Louisiana  
May 14, 2000

116 PROFESSIONAL DRIVE,  
WEST MONROE,  
LOUISIANA 71291  
PHONE 318.325.2121  
TOLL FREE LOUISIANA  
1.800.541.5020  
FAX 318.324.1630

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana  
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1999

	GOVERNMENTAL ...FUND TYPE...		...ACCOUNT GROUPS...		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	DEBT SERVICE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
<b>ASSETS AND OTHER DEBITS</b>					
Cash and cash equivalents	\$89,346	\$33,430			\$122,776
Receivables:					
Ad valorem taxes	56,722	90,756			147,478
State revenue sharing	2,677				2,677
Utility deposit	125				125
Due from General Fund		47,690			47,690
Land, buildings, and equipment			\$533,288		533,288
Amount available in debt service fund				\$171,876	171,876
Amount to be provided for retirement of general long-term debt				113,124	113,124
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$148,870</b>	<b>\$171,876</b>	<b>\$533,288</b>	<b>\$285,000</b>	<b>\$1,139,034</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts payable	\$11,155				\$11,155
Due to Debt Service Fund	47,690				47,690
Bonds payable				\$285,000	285,000
Total Liabilities	<u>58,845</u>	<u>NONE</u>	<u>NONE</u>	<u>285,000</u>	<u>343,845</u>
Fund Equity:					
Investment in general fixed assets			\$533,288		533,288
Fund balance:					
Reserved for debt service		\$171,876			171,876
Unreserved - undesignated	90,025				90,025
Total Fund Equity	<u>90,025</u>	<u>171,876</u>	<u>533,288</u>	<u>NONE</u>	<u>795,189</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$148,870</b>	<b>\$171,876</b>	<b>\$533,288</b>	<b>\$285,000</b>	<b>\$1,139,034</b>

See accompanying notes and accountant's compilation report.

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana  
GOVERNMENTAL FUND TYPE

Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended December 31, 1999

	GENERAL FUND	DEBT SERVICE FUND	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Ad valorem taxes	\$60,830	\$98,373	\$159,203
Intergovernmental revenues - state funds:			
State revenue sharing	4,015		4,015
Fire insurance rebate	3,287		3,287
Use of money and property	2,816	1,199	4,015
Other revenues	626		626
Total revenues	<u>71,574</u>	<u>99,572</u>	<u>171,146</u>
<b>EXPENDITURES</b>			
Public safety -current:			
Operating services	42,696	697	43,393
Materials and supplies	3,288		3,288
Training	719		719
Capital outlay	42,535		42,535
Debt service		41,430	41,430
Total expenditures	<u>89,238</u>	<u>42,127</u>	<u>131,365</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(17,664)	57,445	39,781
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>107,689</u>	<u>114,431</u>	<u>222,120</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$90,025</u>	<u>\$171,876</u>	<u>\$261,901</u>

See accompanying notes and accountant's compilation report.

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana  
GOVERNMENTAL FUND TYPE -  
GENERAL FUND

Statement of Revenues, Expenditures,  
and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Ad valorem taxes	\$60,000	\$60,830	\$830
Intergovernmental revenue - state funds:			
State revenue sharing	5,000	4,015	(985)
Fire insurance rebate	3,000	3,287	287
Use of money and property	3,000	2,816	(184)
Other revenues		626	626
Total revenues	<u>71,000</u>	<u>71,574</u>	<u>574</u>
<b>EXPENDITURES</b>			
Public safety - current:			
Operating services	47,000	42,696	4,304
Materials and supplies	13,289	3,288	10,001
Training	5,000	719	4,281
Capital outlay		42,535	(42,535)
Total expenditures	<u>65,289</u>	<u>89,238</u>	<u>(23,949)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	5,711	(17,664)	(23,375)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>NONE</u>	<u>107,689</u>	<u>107,689</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$5,711</u>	<u>\$90,025</u>	<u>\$84,314</u>

See accompanying notes and accountant's compilation report.

**DESOTO PARISH FIRE DISTRICT NO. 9**  
Frierson, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1999

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DeSoto Parish Fire District No. 9 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on April 9, 1986. The district is governed by a five member board appointed by the police jury. Board members serve without compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the DeSoto Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana  
Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury created the district, appoints the commissioners of the district, and has the ability to impose its will on the district, the district was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the DeSoto Parish financial reporting entity.

**B. FUND ACCOUNTING**

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only a governmental fund type. The governmental fund types of the district are described as follows:

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana  
Notes to the Financial Statements (Continued)

**General Fund**

The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by an ad valorem tax approved by voters of the district, state fire insurance rebates, state revenue sharing, and interest earnings on investments.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**C. FIXED ASSETS AND  
LONG-TERM DEBT**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Fixed assets are valued at actual historical costs. No depreciation has been provided on general fixed assets. Approximately 94 per cent of general fixed assets are valued at actual cost while the remaining 6 per cent are valued at estimated cost, based on the actual historical cost of like items. The account group is not a "fund", it is concerned only with the measurement of financial position and does not involve measurement of results of operations.

Long-term debt, such as general obligation bonds, are recognized as a liability of a governmental fund only when due. The remaining portion of such obligations is reported in the general long-term debt account group.

**D. BASIS OF ACCOUNTING**

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana  
Notes to the Financial Statements (Continued)

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district uses the following practices in recognizing and reporting revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the current year.

Other intergovernmental revenues are recorded when the district is entitled to the funds.

Interest income on demand and time deposits is recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, ad valorem taxes, state revenue sharing, and other intergovernmental revenues have been treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**E. BUDGET PRACTICES**

A preliminary budget for the ensuing year is prepared by the board of commissioners in November and made available to the public. The budget is then adopted during the regular December meeting. The proposed budget for the General Fund is

DESOTO PARISH FIRE DISTRICT NO. 9  
 Frierson, Louisiana  
 Notes to the Financial Statements (Continued)

prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

**F. CASH AND CASH EQUIVALENTS**

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1999, the district has cash and cash equivalents (book balances) totaling \$122,776 as follows:

Demand deposits	\$61,520
Time deposits	<u>61,256</u>
Total	<u><u>\$122,776</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1999, are secured as follows:

Bank Balances	<u><u>\$124,863</u></u>
Federal deposit insurance	\$124,863
Pledged securities (uncollateralized)	<u>202,730</u>
Total	<u><u>\$327,593</u></u>

DESOTO PARISH FIRE DISTRICT NO. 9  
 Frierson, Louisiana  
 Notes to the Financial Statements (Continued)

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the fire district, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the fire district's name.

**G. RISK MANAGEMENT**

The fire district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the fire district maintains a commercial insurance policy covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 1999.

**II. TOTAL COLUMN ON THE BALANCE SHEET**

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
District taxes:			
General maintenance	10.00	10.00	2008
Debt service	variable	16.00	2009

DESOTO PARISH FIRE DISTRICT NO. 9  
 Frierson, Louisiana  
 Notes to the Financial Statements (Continued)

The following are the principal taxpayers for the parish and their 1999 assessed valuation:

	1999 Assessed Valuation	Per cent of Total Assessed Valuation
J-W Operating Co.	\$1,534,060	27.05%
Central LA Electric Co.	1,464,440	25.82%
Southwestern Electric Power	617,212	10.88%
Koch Gateway Pipeline Co.	384,880	6.79%
Noram Gas Transmission Co.	237,086	4.18%
Valley Electric Membership	206,500	3.64%
Grigsby Petroleum, Inc.	175,100	3.09%
Worldcom Network Services, Inc.	144,069	2.54%
Kansas City Southern Railway	135,120	2.38%
Pennzenergy Exploration	130,710	2.30%
Total	<u>\$5,029,177</u>	<u>88.66%</u>

**3. CHANGES IN GENERAL FIXED ASSETS**

The following presents the changes in general fixed assets for the year ended December 31, 1999:

	Balance January 1,	Additions	Deletions	Balance December 31,
Land and buildings	\$106,794	\$7,500		\$114,294
Fire fighting equipment	376,459	4,055		380,514
Office equipment	NONE	2,350		2,350
Construction in progress	NONE	36,130		36,130
Total	<u>\$483,253</u>	<u>\$50,035</u>	<u>NONE</u>	<u>\$533,288</u>

**4. CHANGES IN GENERAL  
 LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 1999:

See accountant's compilation report.

DESOTO PARISH FIRE DISTRICT NO. 9  
 Frierson, Louisiana  
 Notes to the Financial Statements (Continued)

Bonds payable at January 1, 1999	\$305,000
Additions	NONE
Reductions	<u>(20,000)</u>
Bonds payable at December 31, 1999	<u><u>\$285,000</u></u>

The general obligation bonds payable at December 31, 1999 were issued December 1, 1989. Annual installments of \$15,000 to \$40,000 are due through June 1, 2009 with interest at 6.9 per cent to 7.4 per cent. Debt retirement payments are made from the Debt Service Fund.

The annual requirements to amortize all general long-term debt outstanding at December 31, 1999, including interest of \$117,595, are as follows:

<u>Year</u>	
2000	\$40,040
2001	38,630
2002	42,026
2003	40,233
2004-2009	<u>241,666</u>
Total	<u><u>\$402,595</u></u>

**5. LITIGATION AND CLAIMS**

The district is not involved in any litigation at December 31, 1999, nor is it aware of any unasserted claims.

**Independent Accountant's Report on Applying  
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

BOARD OF COMMISSIONERS  
DESOTO PARISH FIRE DISTRICT NO. 9  
Frierson, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of DeSoto Parish Fire District No. 9 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about DeSoto Parish Fire District No. 9's compliance with certain laws and regulations during the year ended December 31, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursement journals for the year. That review did not disclose any expenditures made for materials and supplies exceeding \$15,000 or any expenditures made for public works exceeding \$100,000.

116 PROFESSIONAL DRIVE,  
WEST MONROE,  
LOUISIANA 71291  
PHONE 318.325.2121  
TOLL FREE LOUISIANA  
1.800.541.5020  
FAX 318.324.1630

DESOTO PARISH FIRE DISTRICT NO. 9  
Independent Accountant's Report on  
Applying Agreed Upon Procedures  
December 31, 1999

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The district has one employee.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

The one employee was not listed as an immediate family member of any of the board members.

**Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 14, 1998, which indicated that the Board of Commissioners of the DeSoto Parish Fire District No. 9 made a motion, which passed, adopting the budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted amounts by 5% or more, however, actual expenditures exceeded budgeted amounts by 36 percent.

DESOTO PARISH FIRE DISTRICT NO. 9  
Independent Accountant's Report on  
Applying Agreed Upon Procedures  
December 31, 1999

**Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
  - (b) determine if payments were properly coded to the correct fund and general ledger account;
  - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were for the proper amount as reflected on supporting documentation and were made to the correct payee.
- (b) The six payments were coded to the correct fund and general ledger account.
- (c) Inspection of canceled checks for each of the six disbursements indicated approval in the minutes of the meetings. None of the six disbursements indicated approval from any board members on the actual invoices.

**Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

I inquired of management whether agendas for meetings were posted at the meeting place at least twenty-four hours prior to the meeting. Management stated that agendas were posted and a copy is retained by the bookkeeper.

**Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

DESOTO PARISH FIRE DISTRICT NO. 9  
Independent Accountant's Report on  
Applying Agreed Upon Procedures  
December 31, 1999

**Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board for the year indicated no approval for the payments noted. I also inspected disbursements journals for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

**General**

**Excess Tax Levy For Debt Service**

During my examination of the debt service fund I noted excess balances greater than the next years principal and interest payments.

Article VI, Section 33(B) of the Louisiana Constitution provides that the fire district shall levy and collect ad valorem taxes sufficient to pay principal and interest on general obligation bonds as they mature. Likewise, Louisiana Revised Statute 39:569 (A) provides that the fire district shall impose and collect annually, a tax sufficient in amount to pay the interest annually or semiannually and the principal falling due each year for any sinking fund necessary to retire said bonds. The attorney general has long held that only taxes necessary for the ensuing year's debt service requirements are to be levied and collected. As of December 31, 1999, the debt service fund has an excess of \$131,836 more than the next year's principal and interest payment. This same finding was included in my attestation report for the year ended December 31, 1998. In that report I recommended that the fire district monitor the balances in its debt service fund and adjust millage levies so that the balances at year end do not materially exceed the ensuing year's debt service requirements. The district's response was that millages would be adjusted, however, that has not been done.

**Debt Service Ad Valorem Taxes  
Deposited in Operating Account**

As noted on Statement A of the district's 1999 financial statements, there is \$47,690 due from the General Fund to the Debt Service Fund. The district maintains one general ledger system for all activities (debt service transactions are separated from general transactions for financial statement purposes. However, separate bank accounts are maintained for general and debt service transactions. Ad valorem tax collections are deposited into the general bank account. Further, interest earned on the general bank account and time deposits are recorded in the general checking account and time deposits.

DESOTO PARISH FIRE DISTRICT NO. 9  
Independent Accountant's Report on  
Applying Agreed Upon Procedures  
December 31, 1999

Retaining debt service ad valorem taxes in the general checking account is in violation of the debt service tax proposition which restricts those taxes (and associated interest earnings) to debt service.

Ad valorem tax deposited into the general bank account should be transferred immediately to the debt service bank account. I recommend that balances due the debt service bank account be transferred to that account.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the DeSoto Parish Fire District No. 9 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



West Monroe, Louisiana  
May 14, 2000

## **Louisiana Attestation Questionnaire**

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the questionnaire.

Vernon R. Coon  
Certified Public Accountant  
116 Professional Drive  
West Monroe, La 71291

Mr. Coon,

In connection with your compilation of our financial statements of the DeSoto Fire District No. 9 as of December 31, 1999 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of May 8, 2000.

#### **PUBLIC BID LAW**

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes  No  N/A

#### **CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

2. No employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes  No  N/A

3. No member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes  No  N/A

**BUDGETING**

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes  No  N/A

**ACCOUNTING AND REPORTING**

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No  N/A

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes  No  N/A

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes  No  N/A

**MEETINGS**

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes  No  N/A

**DEBT**

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes  No  N/A

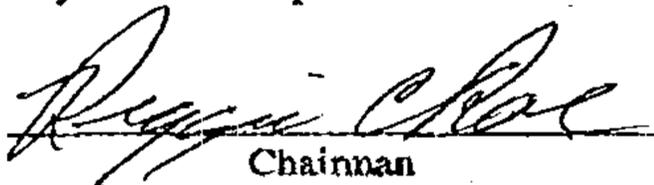
**ADVANCES AND BONUSES**

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [ X ] No [ ] N/A [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known non-compliance which may occur subsequent to the issuance of your report.

  
\_\_\_\_\_  
Chairman

05-12-00

\_\_\_\_\_  
Date

DeSoto Fire District #9  
P O Box 124  
Frierson, LA 71027

Dr Daniel G Kyle, Secretary  
Legislative Audit Advisory Council  
P O Box 94397  
Baton Rouge, LA 70804-9397

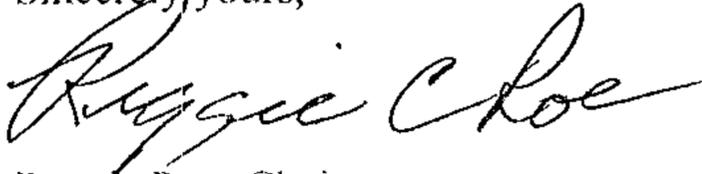
Re: Response to Findings-1999

**Actual expenditures exceeded budgeted amounts by 36%.** A new substation which had been in the planning stages for the past year finally came to fruition in the year 1999. The Board was unaware that the proposed budget needed to be amended to include this project which it considered a capital asset. The Board now understands that this was not the correct procedure and any future additions will be considered expenditures which could affect the budget.

**Excess tax levy for debt service.** A change has since been made to correct this situation. The bond was reissued in May 2000 to take advantage of the excess and calculations have been made to enable us to know what the millage rate needs to be to service the debt without having an excess. It is our intention to adjust our millage rate to this number.

**Debt service ad valorem taxes deposited in operating account.** Beginning in February 2000 taxes collected for debt service are transferred to the sinking fund the same day they are deposited into the general account. Any prior amounts due from the general account will be transferred out of the general account as soon as feasibly possible.

Sincerely, yours,



Reggie Roe, Chairman  
May 30, 2000